App. F. IX-4

Treasure 1926-7 (G.F.)

File No. G.F/39.

Serial Nos. 172.

Previous References
HL 164-07-1.
LB. 130-10-164.
LB. 265-12-2
LB. 125-25-54.
Later References
HL 225-29-1,806.

General and Revenue Secretariat.

Serial Nos. Two.

Part B for March 1927.

SUBJECT

Re: the enhancement of the rate of interest on Overdrawals by the District Boards.

P.U.

Circ. 2. To The Comptroller to Govt
The Presidents of District Boards
The Deputy Commissioners of Districts

No. HL 7380-97 dated 21st March 1927

Directs a levy of 6% interest on overdrawals by the District Boards from the Treasuries and enjoins the strict maintenance of the prescribed minimum balance

AP 21/3

G.F 139-26-1

DIARY NO. 2024
19 — 19
Section.

Extract from L.B.File No.175 of 25 Serial No. 53

Para 14. As regards the enhancement of the rate of interest on overdrawals, action will be separately taken in this branch after the overdrawal question is settled.

Intd. B.S.

19-11-26

Para.32. Under Article 255 of the Mysore Civil Account Code Volume I, interest chargeable on overdrawals is 4 per cent. The Comptroller recommends that the rate of interest may be raised Submitted for orders with reference to para 14 supra.

Financial Secretary) Intd. T.N.S.
8-1-27

Para 33. Please put up the collection on the Government Order in extenso re: the fixing of the interest on overdrawal at 4 per cent.

Para 34. This may be taken as a new case, the file being closed.

Intd. B.S.
16-1-27

B. Fr No 130-10-4 having to the B.O No 10760-70 of 29.6.1911 fixing the rate of interest chargeable on overdrawals at 4% to put up as desired, as also, Mul. File No 164-07-1 Contg. G.O. No F 1000-98 27.8.1907. As regards the [illegible] to the Comptroller's U.O of 18.6.07 on page 4 ante in the Secretariat put up.

2) The rate of interest we charge should be more than the rate allowed by us on S.B deposits and normally allowed by Banks for fixed deposits as this will discourage the tendency to overdraw in the Treasury while there is money earning [illegible]

Serial No.

earning interest in the Savings Bank or some other Bank. A rate of 6% appears to be fair

Bn
27/1

PRIME MINISTER'S SECRETARY
25 JAN. 1927
No. 2916

7188) 3

A) Instrument No. book transfer is no longer in force. The Boards are permitted to deposit at interest. Their surplus balances in the Mysore Bank. There is no application for withdrawals.

4) The question has also been viewed purely as a banking transaction. The rate of interest on S. Deposits remaining for a year is 4½%.

5) I think we may charge ordinary enhanced rate of 5% on withdrawals in future.

6) This arrangement may come effective from 1st March 1927.

2nd member
1st member

26.1.27

7) Forwarded to the Comptroller with compliments for favour of his opinion

h
26.1.27
Bn

8) Returned with compliments.
Withdrawals should not be allowed at all I think when

254 S/R 28 JAN 1927 SECRETARIAT

dB. early Bn

No. 336 24.1.27

No. 524 S/R 4-2-27

NOTE—Contn. Sheet

Serial No.

FINANCIAL SECRETARIAT
7 FEB 1927

GEN. & REV. SEC.
4 FEB 1927

FINANCIAL SECRETARIAT
5 FEB 1927

8435
8/2

5348
7/2

3334
9/2

10/2

local bodies are permitted to invest their funds in Banks.

1) In Exceptional Cases when they are permitted by Govt, interest may have to be raised I would suggest 6%

S. Ramaiah
2.2.27.

B
5/2

10) Yes)
2nd member
1st member)

11) I agree with Computer

4
5/2/27
B

12) I agree
Lee
9/2

Amdt
8/2/27
B

8/2.
B
9/2

Draft accepted. The date of effect of the enhanced rate is put in as 1.3.27 according to the Secy's note at para 6 supra.

It is for orders if the Govt may not receive from the Co-operative Branch as the previous Govt's on the subject received from them.

If it is approved to issue

3022

WD 01229—GPH—37
App. F. III—

General and Revenue Secretariat

(7-8 File No. 139 of 192 6.

Serial No.

Please speak

in ?2., it may arise ~ WR
the Commissioner appl L.S. on Br.
[illegible]

17.) May arise in connection with L—S.G. secn

B

18) The delay was due to the Br not being able to get a copy of the G.O. of no L. 2360/L.D. dt 2nd Sept 1914. In spite of the best efforts of the Govt he has not yet been able to procure a copy.

(19) Off as revised may perhaps issue in Consultation after perusal by L.S.G. secn

B
11/3.

[illegible] 4408
11/3/27
B

L.S.G. secn -)
for information
Thanks
RB
(C)?,
15/3

[illegible]
16/3

Note
B

FINANCIAL SECRETARIAT 4408 1927

GENERAL & REVENUE 14542

FINANCIAL SECRETARIAT 16. MAR. 1927

NOTE—Contn. Sheet

G.R..S VI G 34j

SUBJECT.....

.....

.....

Diary No. of letter replied to.....3024.....

General and Revenue Secretariat

(RF)

, *the* 192

Date of issue.....21.5.17.....

Signed by.....M.B.S.R.....

May this be

i Printed ?

ii treated as a standing order ?

iii published in the Gazette, English Part ?

iv translated ?

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ?

Section G.C.

File No. 13[redacted]

Serial No. 2.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read—

G.O No 10760-70/KB 130-10-4 & 29.6.1911 directing among other things a Cess of one pie per cent per annum on deficit Balances lasting for more than a month in the Treasuries against the Local & Municipal Boards

(2) Govt. Notification No 2360-LB 265-12-2 & 2.9.1914

Order Thereon No.

~~[illegible]~~

beginning the District Boards to maintain in the Treasury an adequate working Balance not falling short in any case of one-eighth of the total estimated income for a year.

7380-97

Order

Hereafter, overdrawals should not occur. The local Bodies are not permitted to overdraw their funds in Banks.

ordinarily overdrawals should not be permitted to occur Bods

In exceptional cases where overdrafts are necessary from time to time, with effect from 1st April 1927 an interest of 6 per cent be levied on such overdrafts. This order will have effect from 1st April 1927

* subject to appl
Vide Rs Govt's note o
para 6 of the note
It is changed to 1st
April as 1st March
is pas

The Presidents of the local Bodies concerned are requested to see that the minimum balances prescribed are not adhered to closely.

To The Comptr
Both Offr. R.D. & Dir. Hlth.
Both Mysore Bank Ltd. Cals with
ltr. — One ml. Govt.
Chief Engrs in Mysre

-9/3

List of enclosures.

Copied by

Examined by

WD 1666—GPE—1,000,00—I

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

G. O. No. Fl. 7380-97/G. F. 139-26-2 Bangalore Dated 21st March 1927.

Interest on overdrawals

Directs a levy of 6 per cent———by the District Boards from the Treasuries and enjoins the strict maintenance of the prescribed minimum balance.

Read:-

Government Order No.10760-70/L.B.130-10-4 dated 29th June 1911 directing among other things a levy of interest at 4 per cent per annum on deficit Balances lasting for more than a month in the Treasuries against the District and Municipal Boards.

2. Government Notification No.2360/L.B.265-12-2 dated 2nd September 1914, requiring the District Boards to maintain in the Treasury an adequate working Balance not falling short in any case of one-eighth of the total estimated income for a year.

ORDER NO.FL.7380-97/G.F.139-26-2 DATED 21ST MARCH 1927.

Overdrawals should not ordinarily be permitted to occur. But in exceptional cases where overdrawals are necessary, Government direct that an interest of 6 per cent be levied on such overdrawals.

This order will have effect from 1st April 1927.

The Presidents of the local Bodies concerned are requested to see that the minimum balances prescribed are adhered to closely.

B. SRINIVASA IYENGAR,
Financial Secretary to Government.

To--The Comptroller to Government.
The Presidents of District Boards.
The Deputy Commissioners of Districts.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read:-

Government Order No.L.1968-74/L.B.125-25-29 dated 13th September 1926 sanctioning the Budget Estimates of the Tumkur District Board for 1926-27.

2. Letter No.L.A.D.166 dated 12th October 1926 from the Comptroller to the Government of Mysore, stating that the District Fund Budget Estimates of the Tumkur District for 1926-27 have been sanctioned so as to result in a deficit balance of Rs.7,473/- that according to the rules, the District Board should maintain in the treasury a minimum working balance of at least 1/8th of the total estimated income for the year, viz about Rs.13,700/- and suggesting therefore that the District Board may be asked to withdraw from the Savings Bank about Rs.20,200/- and keep the amount in the treasury towards working expenses.

Order No.L.4241-2/L.B.125-25-54

Dated Bangalore, the 3rd January 1927

The contention of the Comptroller is that the District Board should be asked to withdraw Rs.20,200/- to make up the minimum balance as otherwise they would be gainers in as much as the District Board will be getting an interest of Rs.1,000/- on the sum of Rs.20,200/- to their credit in the Government Treasury towards a possible payment of Rs.100/- as interest on their overdrawals, if they are allowed the latter course. Under the rules issued with Notification No.L.2360/L.L.265-12-2 dated 2nd September 1914, the Budget Estimates of the District Board have to be so framed as to provide for an adequate working balance not falling short in any case of 1/8th of the total estimated income for the year. The objection taken by the Comptroller seems therefore to be correct. In the order sanctioning the Budget of the Tumkur District Board for 1926-27 it is stated that the figures concerning Mohatarfa etc., are liable to revision after the new Regulations are introduced. As it is now ordered that the said Regulation should come into effect from 1st February 1927 necessary action may be taken to

P.T.O.

revise the estimates so as to provide for a working balance as per rules in the light of the objection of the Comptroller.

Sd. B. Nagappa.

Secretary to Government,
Local and Legislative Departments.

To

The Comptroller to Government.

" President, District Board, Tumkur.

" C o p y "

For Financial Secretary to Government.

Letter No.LAD.166 dated 12th October 1926 from the Officiating Comptroller to the Government of His Highness the Maharaja of Mysore to the Secretary to the Government of Mysore, Financial Department.

I have the honor to bring to your notice that Government in the Local and Legislative Departments have in their order No.L.1968-74/LB.125-25-39 dated the 13th September 1926, sanctioning the Budget Estimates of the Tumkur District Board for the year 1926-27 so as to result in a deficit balance of Rs.7473/-. This result is attributed to be due to the fact that in the order sanctioning the Budget estimates of the Board for the previous year it was asked to invest a sum of Rs.3,50,000 in Savings Bank out of their surplus cash. This arrangement was ordered to be left undistributed on the ground that the amount has been deposited only in the District Treasury and that it would be available at any time.

2. In accordance with para 151(c) of the Local Boards Rules issued with Government Notification No.2360-L-B.265-12-2 dated the 2nd September 1914, the District Board is ~~requested~~ required to maintain in the treasury an adequate working balance not falling short in any case of one-eighth of the total estimated income for the year. The amount so to be left in the treasury for 1926-27, taking only the normal estimated receipts viz., Rs.1,09,661 is Rs.13,700 in round figures. Instead a sum of Rupees 7,500 has been allowed to be overdrawn.

The arrangement referred to above has resulted in payment of interest on the sum of Rs.20,200 which the Board should have kept as working balance and on which it is not entitled to interest. The interest upon this would amount to about Rs.1,000/- for one year at the present reduced rate of interest on Savings Bank deposits from September last.

4. Nothing is stated about charging interest on overdrawals the rate for which is only 4%. Even if this is ordered the amount of interest that would be payable by the District Board on overdrawals in accordance with the provision of Article 443 Mysore Account Code Volume I would be about Rs.100 against Rs.1000 which

which it would receive as interest.

5. In these circumstances, I would suggest that the District Board may be ordered to withdraw from Savings Bank deposits an amount of about Rs.20,000 sufficient to make up the minimum balance required to be maintained in the treasury and keep it as the working balance of the District Funds. I would incidentally suggest that the rate of interest on overdrawals which is now fixed at 4% is too low and may be raised suitably at least for the next few years.

" C o p y "

For Financial Secretary to Government.

B.K.M.